



### **Purchasing Policies - General**

The MNPS Board of Education Executive Expectations includes the following criteria or the establishment of purchasing policies and procedures outlined in this policy

- Any single expenditure greater than \$25,000 must have approval of the Board.
- Each purchase must:
  - Exercise reasonable precaution against conflict of interest. According to Education Department General Administrative Regulations (EDGAR) Section 80.36 (b) (3), no employee, officer or agent of MNPS shall participate in selection or award of a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when:
    - The employee, officer or agent,
    - Any member of his/her immediate family,
    - His/her partner or an organization which employs or is about to employ, any of the above, has a financial or other interest in the firm selected for the award. No MNPS employee shall solicit or accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to subagreements.
  - Consider comparative prices based on items of similar quality.
  - Consider a balance between long-term quality and cost.
  - Competitive bidding procedures must be used for the purchase of all supplies, materials and equipment, and any contracted services, except professional services, in the amount of \$1,000.00 or more.
  - All employees involved in the award of a contract shall annually file a conflict of interest statement noting any apparent or real conflict of interest. The Purchasing Agent shall develop procedures for both compete and non-compete contracts, and shall keep those statements on file.

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### **Sources of Purchases**

The need for the acquisition (purchase) of goods and services (excluding construction services) shall be identified by any employee and the employee may initiate the acquisition (purchase) when authorized by the school principal or department head. School needs are determined by the principal and/or leadership team and should be included in the School Improvement Plan (SIP). **All Federal Program purchases must have the approval and signature of the appropriate Assistant Superintendent of Federal Programs and Grants.** Construction services are purchased and administered by the MNPS Plant Planning and Construction Department. Procurement sources shall be used in the following sequence to meet the need:

- Surplus goods available from MNPS, other departments of the Metropolitan Government of Nashville and Davidson County (Metro), the State of Tennessee and the United States Government.
- Goods managed in inventory by the MNPS Supply Center.
- Established contracts of Metro, the State of Tennessee Department of General Services Contracts, approved contracts from other local governments, and U.S.\ Communities contracts.
- Any vendor awarded a purchase resulting from the application of Metro competition requirements.
- Any vendor awarded a purchase or contract for goods and services not requiring competition.

### **Surplus Goods**

The MNPS Fixed Assets Department manages the inventory of surplus goods and may know of the availability of surplus goods in the inventories of the state of Tennessee and the U.S. Government. Employees shall first attempt to meet their needs from these inventories by contacting the Fixed Assets Department. Surplus goods in the inventory of MNPS Fixed Assets Department are available at no cost and without limit unless limited stocks are allocated among known interested schools and departments to achieve an equitable distribution. The State and U.S. Government may require payment for the acquisition of surplus goods from their inventories. No competition is required for the acquisition of surplus goods.

### **Supply Center Inventoried Items**

Schools and departments shall use the Supply Center as the exclusive source of supply for all items included in the Center's School Supply Catalog. An order for these items shall be initiated by submitting a requisition to the Purchasing Agent. Blank requisitions are available from the Supply Center. The Center will fill the requisition and deliver the requisitioned items to the schools and departments on a biweekly schedule.

### **Established Contracts**

Schools and departments needing goods and services that cannot be acquired from surplus inventories or from approved contracts shall comply with Metro competition requirements. These requirements differ depending upon the estimated value of the

quantity or amount of the goods or services expected to be required for the foreseeable future, not to exceed one year. The range of value of the four categories is as follows:

- a) Less than \$1,000
- b) \$1,000 to less than \$4,000
- c) \$4,000 to less than \$10,000
- d) \$10,000 or greater.

**Competition Requirements for Purchases Less Than \$1,000**

All purchases less than \$1,000 shall be awarded to the responsible and responsive vendor quoting a price considered to be reasonable by the MNPS employee making the purchase. The vendor may submit the quotation verbally or in writing.

**Competition Requirements for Purchases of \$1,000 to less than \$4,000**

All purchases of \$1,000 to less than \$4,000 shall be awarded to the responsible and responsive vendor quoting the lowest price. The employee shall solicit quotations from at least three vendors who can reasonably be expected to have the ability to supply the required goods or services. At least one of the vendors solicited shall be a small business as defined by Metro, if one can be identified. The quotations may be either verbal or in writing. If verbal, the quotations must be documented.

**Competition Requirements for Purchases of \$4,000 to less than \$10,000**

All purchases of \$4,000 to less than \$10,000 shall be awarded to the responsible and responsive vendor quoting the lowest price. The employee shall solicit quotations from at least three vendors who can reasonably be expected to have the ability to supply the goods or services. At least one of the vendors solicited shall be a small business as defined by Metro, if one can be identified. The quotations must be in writing.

**Competition Requirements for Purchases of \$10,000 or greater**

All purchases of \$10,000 or greater shall be awarded by Metro Purchasing using sealed bids or competitive sealed proposals (Requests for Proposals or RFP's). The employee shall prepare specifications for goods or a scope of work and/or specifications for services and submit them to the Purchasing Agent. The specifications and scopes of work must be in sufficient detail to inform all vendors with a clear idea of what is being ordered. The Purchasing Agent may request additional information from the ordering school or department to assure completeness and clarity of all procurements that require formal bids or requests for proposals. The Purchasing Agent shall prepare the appropriate procurement document (Invitation to Bidders or RFP) and submit it to Metro Purchasing for official release, administration of the competitive procurement process, and award. Any single purchase in excess of \$25,000 must be approved by the Board.

**Responsible and Responsive Vendor**

A responsible vendor is one who can fulfill all the requirements of the procurement and who has the integrity and reliability to assure performance. A responsive vendor is one whose quotation meets all the terms, conditions and specifications of the procurement solicitation.

### **Solicitation of Small Businesses**

Small businesses solicited for quotations shall meet the Metro eligibility criteria. The Purchasing Agent shall provide to schools and departments contact information on small businesses.

### **Purchases and Contracts Not Requiring Competition**

The acquisition of goods and services that are available from only one vendor, (sole source), and that are needed on an emergency basis are exempt from competition requirements. The acquisition of professional services may be exempt from competition but is better procured through the use of competitive sealed proposals (Requests for Proposals or RFP's). Procurement of goods and services not requiring competition but whose annual value is expected to exceed \$10,000 or which have significant liability exposure, must be incorporated into a formal contract between the Metropolitan Board of Public Education and the vendor. The initiating school or department must prepare a draft contract for this purpose using contract templates that are available electronically from the Purchasing Agent. The Purchasing Agent will advise the initiating school or department on the completion and processing of these contracts.

### **Sole Source**

The Purchasing Agent makes all sole source determinations. Schools and departments may request sole source status for procurement by submitting to the Purchasing Agent a *Sole Source Justification Form*. Goods and services considered to be sole source include but are not limited to maintenance of high technology equipment including copy machines, postage, freight, automobile licenses and titles, subscriptions, memberships, registration fees, tuition advertising, utility services (electricity, water, natural gas), and reference books, manuals and instruction guides. Schools and departments shall document a single purchase from a sole source with an approved *Sole Source Justification Form*. **Every effort shall be made to not justify a sole source purchase by simply brand name alone.** Schools and departments shall prepare a contract for a recurring acquisition of goods or services from a sole source with an annual value in excess of \$10,000 or when a significant liability exposure exists. The Purchasing Agent shall seek guidance from the Metro Risk Manager and advise schools and departments about the need to address liability exposures through the use of contracts with insurance requirements.

### **Emergency**

The Director of Schools, the appropriate Associate Assistant Superintendent, the Executive Director of Facilities and Operations, the Director of Business Services and the Purchasing Agent may make or authorize others to make emergency procurement when necessary (1) to avert hazards that threaten health or safety, (2) to protect property from damage and (3) to avoid major disruptions of educational activities, provide that such emergency procurements be made with such competition as is practical under the circumstances. A written determination of the basis for the emergency and for the selection of the vendor shall be included in the procurement file.

If the procurement exceeds budget authorization, the official making the emergency determination shall notify the Assistant Superintendent for Business and Facility Services and the Board of Education.

### **Placement of Orders**

Employees may place (initiate orders using the following methods:

- Purchase Order
- Informal

**NOTE: Beginning in the 2008-09 school year, schools may not initiate purchases that have not been included in their School Improvement Plan (SIP) and approved by the Assistant Superintendent of Federal Programs and Grants if the expenditure is from Federal Funds, or the appropriate Associate Superintendent for all other purchases.**

### **Orders by Purchasing Card**

Purchasing cards are the preferred method of ordering with any vendor that accepts them. Employees may use the MNPS procurement card to place an order verbally by presenting it to the vendor at its place of business or by communicating the card number to the vendor by phone. They may place the order in writing with the card number using a fax or the Internet. Employees need to be careful when communicating their card numbers over the phone and Internet to safeguard against fraudulent use of MNPS accounts.

**Use of purchasing cards for items paid from federal funds has been disallowed. Purchase orders are required to be issued in advance of all purchases utilizing federal funds and grants.**

### **Purchase Orders**

The Purchasing Agent may issue a purchase order to a vendor upon receipt of a requisition from a school or department signed by the principal or department head. A purchase order is a formal commitment by MNPS to pay the stated amount if the vendor provides the goods and/or services as specified by the order. The Purchasing Agent does not issue purchase orders for less than \$1,000 unless the vendor does not accept the MNPS purchasing card or an informal order, except for those purchases made with federal funds.

### **Informal Orders**

With permission of their principal or department head, employees may initiate orders with vendors informally through verbal or written communications. This is the least desirable means of initiating orders and may be declined by vendors in favor of purchasing card orders or formal purchase orders. Informal orders are best for simple or frequent orders for the same goods or services. **Informal orders are not allowed for items purchased through federal funds.**

### **Payment Procedures**

Purchasing card transactions have payment as an integral component. Payment is automatic and quick through the servicing bank that holds the Metro purchasing card contract. Vendors receive their payment from the servicing bank without the need for invoicing. With purchase orders, the ordering school receives a copy of the purchase order issued by the MNPS Purchasing Agent. Upon receipt of the goods and services, the receiving school or department writes the quantity received of each item on the receiving report, indicates the account to be charged, has an authorized individual sign it, attaches the invoice and forwards it (retaining a record copy) to the MNPS Accounting Department for payment. If an informal order has been used, the receiving school or department, upon receipt of the invoice from the vendor, acknowledges its accuracy with a signature of an authorized individual, indicates the account to be charged, and forwards it (retaining a record copy) to the MNPS Accounting Department for payment.

### **Purchasing Records**

Schools and departments must maintain records at their locations to support all purchasing transactions. These include, but are not necessarily limited to, requisitions, purchasing card statements with receipts, purchase orders, invoices, sole source authorizations, quotations and contracts. All these documents are subject to audit.

### **Insurance Requirements**

All purchasing transactions are subject to insurance requirements established by the Metro Risk Manager.

### **References/Authority**

Supply Center Requisitions  
Outside Vendor Requisitions  
Purchase Order  
Insurance Requirements  
DSOP 4230 Student Fundraising  
Sole Source Justification Form  
T.C.A. 49-2-1-106  
T.C.A. 6-36-115  
T.C.A. 12-4-106  
T.C.A. 49-2-203 (a) (3)  
T.C.A. 49-2-203 (a) (3) (A) (B)  
20 U.S.C 3474; OMB Circular A 102  
EDGAR 80.36